

**Senate Bill No. 1376**

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Passed the Senate August 22, 2006

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*Secretary of the Senate*

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Passed the Assembly August 7, 2006

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2006, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 12785 of, and to repeal and add Section 12759 of, the Government Code, relating to the Community Services Block Grant Program.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1376, Chesbro. Community Services Block Grant Program: funding.

Under the Community Services Block Grant Program, a community action agency is a public or private nonprofit agency that fulfills specified requirements, including being recognized by the Department of Community Services and Development as a community action agency. Among the functions of a community services agency are planning for and evaluating the community action program, including developing information as to the problems and causes of poverty in the community and determining how much and how effectively assistance is being provided, and initiating and sponsoring projects responsive to the needs of the poor that are not otherwise being met. Existing law sets forth a method for allocating federal assistance to agencies.

This bill would revise the method by which federal assistance is allocated to agencies to establish a base amount for each agency that increases, as provided, and to provide for additional allocations. If the amount of federal assistance declines by more than 20% below the 2005 federal fiscal year amount, the bill would require the Director of Community Services to convene the network of agencies receiving grant funds to determine whether changes to the allocation system should be contemplated and referred to the Legislature for consideration.

*The people of the State of California do enact as follows:*

SECTION 1. Section 12759 of the Government Code is repealed.

SEC. 2. Section 12759 is added to the Government Code, to read:

12759. (a) For the purposes of this section, the following terms have the following meanings:

(1) “Agency” means a community action agency, limited purpose agency, or other organization that qualifies as an eligible entity pursuant to this chapter and that receives financial assistance from the total program funds, as defined in paragraph (2).

(2) “Total program funds” means the federal Community Services Block Grant funds that remain after the amount reserved pursuant to subdivision (b) is set aside.

(3) “Uncapped program,” means a program that receives Community Services Block Grant funds but is not designated as a community action agency.

(b) The director shall allocate federal Community Services Block Grant funds consistent with the following principles:

(1) The historic distinction between minimum and nonminimum funded agencies and other eligible entities shall be minimized and eventually eliminated.

(2) After the target allocation point as set forth in subdivision (c) is achieved, allocation adjustments shall treat all agencies equitably and without regard to minimum funding levels.

(3) If federal Community Services Block Grant funding is reduced or increased, funds shall be allocated so as to avoid abrupt changes in current allocations.

(c) For each fiscal year, the director shall first reserve from the annual federal Community Services Block Grant all amounts that federal or state law allows or requires to be set aside for statewide activities consistent with the purposes of the Community Services Block Grant, including, but not limited to, training, technical assistance, monitoring, coordination, and administration.

(d) (1) The goal of this section is to achieve a target allocation point for each agency. The target allocation for each agency, except uncapped program agencies, shall be either two hundred fifty thousand dollars (\$250,000) or the amount the agency received from the 2005 federal Community Services Block Grant award, whichever is greater. The target allocation point for each uncapped program shall be the amount it received from the 2005 federal Community Services Block Grant award. An agency with a target allocation point equal to the amount received from the

2005 federal Community Services Block Grant award shall have its target allocation point further adjusted pursuant to paragraph (6).

(2) The director shall first assign an initial base allocation for each agency, except an uncapped program agency, that shall be equal to either one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556) or the amount the agency received from the 2005 federal Community Services Block Grant award, whichever is greater. The director shall assign each uncapped program agency an initial base allocation that shall be equal to the amount the agency received from the 2005 federal Community Services Block Grant award even if it is less than one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556).

(3) From the 2007 federal Community Services Block Grant, the director shall begin by allocating the initial base allocation to each agency. If the total program funds available that year are more than the amount required to fulfill the initial base allocation for all agencies, the allocation shall be adjusted pursuant to paragraph (4). If the total program funds available that year are less than the amount required to fulfill the initial base allocation, the allocation shall be adjusted pursuant to paragraph (5).

(4) Commencing with the 2007 federal fiscal year, if there is an increase in total program funds in any federal fiscal year before the target allocation point is achieved, the additional funds shall be allocated as follows:

(A) First, each agency that is not an uncapped program agency whose prior year allocation was less than two hundred fifty thousand dollars (\$250,000) shall have its allocation increased until each of those agencies reach the target allocation point of two hundred fifty thousand dollars (\$250,000). The allocations to these agencies shall be prioritized initially to the lowest funded agencies to enable their allocations to, as much as the funding increase allows, float up toward the second lowest funded agencies, and then to this collective group of agencies to enable their allocations to float up toward the next lowest funded agencies, and so on until all of these agencies reach the target allocation point of two hundred fifty thousand dollars (\$250,000).

(B) Second, once the target allocation point of two hundred fifty thousand dollars (\$250,000) is reached pursuant to subparagraph (A), additional funds shall be allocated proportionately among each of the agencies, including uncapped program agencies whose target allocation point equals the amount the agency received from the 2005 federal Community Services Block Grant award, in order to bring its prior year allocation back up to the target allocation point if it was previously reduced pursuant to paragraph (5).

(C) Third, if there are some total program funds remaining during the same federal fiscal year when the target allocation point for all agencies is reached, the remainder shall be allocated to each agency in an amount that bears the same relationship to the total amount of the remainder as the number of persons living in households at or below the poverty level in each agency's respective service area bears to the total number of those persons living in the state, as reported in the most recent available decennial census.

(5) Commencing with the 2007 federal fiscal year, if there is a decrease in total program funds in any fiscal year before the target allocation point is reached, the reduction shall be allocated as follows:

(A) First, the reduction shall be subtracted proportionately from the prior years' allocation of each agency whose initial base allocation was greater than two hundred fifty thousand dollars (\$250,000).

(B) Second, no agency shall have its current year allocation fall below the current year allocation for any other agency where the other agency's initial base allocation was less than the first agency's allocation. If the reduction in total program funds is greater than can be absorbed among the agencies whose initial base allocations were greater than two hundred fifty thousand dollars (\$250,000), the reductions shall also be applied proportionately among any other agencies necessary to maintain this rule.

(C) Until the target allocation point is reached for all agencies, an agency that is not an uncapped program shall not have its current year allocation fall below one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556). At the

discretion of the director, federal Community Services Block Grant discretionary funds may be used for this purpose.

(6) If a new decennial census is reported before the target allocation point is achieved, the director shall first adjust the relative allocation among each of those agencies whose initial base allocation was equal to the amount it received from the 2005 federal Community Services Block Grant award by the percentage difference of the number of persons living in households at or below the poverty level in each agency's respective service area as compared to the number of those persons reported in previous decennial census, except that an agency that is not an uncapped agency shall not have the adjustment pursuant to this paragraph reduce its current year allocation below the current year allocations of the lowest funded agencies pursuant to subparagraph (A) of paragraph (4). All allocations made pursuant to paragraphs (4) and (5) shall take this census-based adjustment into account.

(e) (1) Commencing with the first federal fiscal year after the target allocation point is reached, increases and decreases in total program funds for each federal fiscal year shall be proportionately allocated among all agencies relative to the prior year's allocation.

(2) When each decennial census is reported, allocations made pursuant to this subdivision shall also be adjusted by the percentage difference of the number of persons living in households at or below the poverty level in each agency's respective service area as compared to the number of these persons reported in the previous decennial census, except that an agency that is not an uncapped agency shall not have the adjustment pursuant to this subdivision reduce its current year allocation below two hundred fifty thousand dollars (\$250,000).

(f) It is the intent of the Legislature that the allocation formula specified in this section not be used as a formula for other funding distributions.

SEC. 3. Section 12785 of the Government Code is amended to read:

12785. All Community Services Block Grant funds made available by the Congress shall be used by the state, together with any state funds as may from time to time be appropriated for this program, and any funds as may be transferred to this

program from other federal block grants, in accordance with the annual Budget Act.

No transfer of funds is permitted, under any circumstance, from the California Community Services Block Grant Program to any other block grant or program administered by the state or by the federal government.

If diminished federal appropriations for the Community Services Block Grant result in California's share for any fiscal year being reduced by any amount up to 3.5 percent below the amount of the federal appropriation from the prior year, the director shall use the discretionary fund to proportionately restore Community Services Block Grant grantees and contractors to full funding levels.

If diminished federal appropriations for the Community Services Block Grant result in California's share for any federal fiscal year being reduced by a cumulative amount of 20 percent or more below the amount appropriated in the federal Community Services Block Grant in the 2005 federal fiscal year, the director shall convene the network of agencies receiving grant funds to determine whether changes to the allocation system should be contemplated and referred to the Legislature for consideration.

Approved \_\_\_\_\_, 2006

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*Governor*